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Oil Situation Report No. 9 from State Dept Operations Center.

(OC/T: Please transmit the attached Situation Report No. 9 of the Oil Task Force to the above addressees.)

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DRAFTED BY:	DRAFTING DATE	TEL. EXT.	APPROVED BY:
Oil Task Force			S/S-O: - Mr. Rueckert

CLEARANCES:

12/16/3

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TUNIS ALSO ACKNOWLEDGE RECEIPT

OILI SITUATION REPORT NO. 9 FROM STATE DEPT OPERATIONS CENTER.

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SITUATION REPORT NO. 3 AS OF 1500 HOURS EST, JANUARY 22, 1971

1. UNDER SECRETARY IRWIN'S MISSION

THERE ARE NO DEVELOPMENTS REGARDING UNDER SECRETARY IRWIN'S MISSION SINCE YESTERDAY'S SITUATION REPORT. HE IS SCHEDULED TO DEPART TUNIS AT 0900 TUNIS LOCAL TIME (0300 WASHINGTON TIME) TOMORROW (SATURDAY, JANUARY 23), AND TO ARRIVE IN WASHINGTON AROUND 1430 JANUARY 23. ASSISTANT SECRETARY TREZISE IS EXPECTED TO RETURN TO WASHINGTON FRIDAY FROM THE OECD CONSULTATIONS IN PARIS.

2. EASTERN FRONT: SECOND OPEC-OIL COMPANY SESSION

THE SECOND OIL-COMAPNY/OPEC GULF STATES MEETING TOOK PLACE JANUARY 21 IN TEHRAN. LORD STRATHALMOND AND PIERCY MEETING WITH AMUZEGAR OF IRAN, ATIQI OF KUWAIT AND HAMMADI OF IRAQ. THE MEETING ACHIEVED A POSTPONEMENT UNTIL FEBRUARY 3 OF THE OPEC EXTRAORDINARY MEETING, ORIGINALLY SCHEDULED FOR JANUARY 25. THE COMPANIES ARE CURRENTLY CONSIDERING IN LONDON THE FOUR POINTS AMUZEGAR PROPOSED TO PRESENT IN A LETTER, BUT THE COOMPANIES HAVE NOT YET ACCEPTED THE LETTER.

THESE POINTS ARE:

1) THAT COMPANY "TECHNICAL EXPERTS" MEET IN TEHRAN JANUARY 24 TO CONSIDER ONLY TWO MATTERS PERTAINING TO THE PERSIAN GULF. (THE COMPANIES HAVE AGREED TO THIS MEETING BUT DO NOT ACCEPT THAT THESE TWO MATTERS AFFECT ONLY THE GULF.);

2) IF THE OIL COMPANY PROPOSALS ARE GLOBAL THEY MUST CONTAIN THE TWO POINTS SOLELY AFFECTING THE PERSIAN GULF STATES;

3) AMUZEGAR INSISTED THAT THE FINAL SETTLEMENT WITH THE PERSIAN GULF OPEC MEMBERS BE REACHED BY FEBRUARY 1; AND

4) THE PERSIAN GULF SETTLEMENT MUST BE FINALIZED BY FEBRUARY 1 WHETHER OR NOT NEGOTIATIONS WITH THE OTHER OPEC COUNTRIES ARE COMPLETED BY THEN. THE OIL COMPANIES HAVE NOT IN PRINCIPLE AGREED THAT THE GULF NEGOTIATIONS CAN BE SETTLED APART FROM THE CONTEXT OF WORLD-WIDE NEGOTIATIONS, ALTHOUGH THEY HAVE NOT EXCLUDED SEPARATE BUT INTERCONNECTED NEGOTIATIONS. THEIR REPRESENTATIVES WILL BE WORKING IN LONDON THIS WEEKEND ON

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PROPOSALS. AT THIS POINT, THEY ENVISAGE TWO NEGOTIATING TEAMS, ONE FOR THE PERSIAN GULF AND ONE FOR LIBYA, BOTH CONSISTING OF REPRESENTATIVES FROM THE MAJORS AND THE INDEPENDENTS.

3. THE WESTERN FRONT: LIBYA AND ALGERIA.

THERE HAVE BEEN NO SIGNIFICANT DEVELOPMENTS SINCE THE LAST SITUATION REPORT CONCERNING LIBYAN OR ALGERIAN POSITIONS ON THE OIL SITUATION. LIBYAN PRESIDENT QADHAFI IS CURRENTLY ATTENDING A MEETING IN CAIRO OF THE QUADRIPARTITE STATES (UAR, LIBYA, SUDAN, AND SYRIA), WHICH HAVE NOT AS A GROUP TAKEN A PUBLIC POSITION REGARDING THE OIL SITUATION. WE HAVE AS YET NO INFORMATION ON THE RESULTS (IF ANY) OF THIS MEETING. MEETINGS BETWEEN THE LIBYAN GOVERNMENT AND OCCIDENTAL AND BUNKER HUNT ARE STILL SCHEDULED FOR JANUARY 24 IN TRIPOLI.

4. WESTERN COUNTRIES:

VENEZUELA HAS INDICATED THAT OFFICIALS ARE PLANNING A VISIT TO WASHINGTON FOR DISCUSSIONS. [redacted] B1

[redacted] THE AUSTRALIANS WERE BRIEFED IN PARIS [redacted] B1

[redacted] OTHER OECD COUNTRIES ARE EXPRESSING THE VIEW THAT CRITICAL SUPPLY PROBLEMS OF CONSUMER COUNTRIES SHOULD NOT BE SUBJECT TO POLITICAL CONSIDERATIONS. [redacted] B1

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